Integrated Defence Acquisition Council

328. DR. Y. LAKSHMI PRASAD: Will the Minister of DEFENCE be pleased to state:

(a) whether Government have decided to go in for an integrated Defence Acquisition Council for military procurement;

(b) if so, the details thereof; and

(c) when the council will actually start functioning?

THE MINISTER OF DEFENCE (SHRI GEORGE FERNANDES): (a) Yes, Sir.

(b) The Defence Acquisition Council is headed by the Raksha Mantri. Other members of the Defence Acquisition Council are Raksha Rajya Mantri, the three Service Chiefs, Defence Secretary, Secretary, Defence Production & Supplies, Secretary, Defence Research & Development, Secretary Defence (Finance), Chief of Integrated Defence Staff of Chairman, COSC(CISC) and Special Secretary (Acquisition).

(c) The Defence Acquisition Council has already become functional.

Lifting ban on authorised agents of foreign armament companies

329. SHRIMATI VANGA GEETHA: Will the Minister of DEFENCE be pleased to state:

(a) whether it is a fact that foreign armament companies had been banned to have authorised agents in India;

(b) whether it is also a fact that the Government is planning to lift this ban; if so, the details thereof; and

(c) what are the details of the regulatory mechanism for such type of companies and their agents?

THE MINISTER OF DEFENCE (SHRI GEORGE FERNANDES): (a) to (c) Yes, Sir. A Comprehensive formulation of the role, if any, which Authorised Representatives/Agents employed

by foreign suppliers for the promotion of their product, may legitimately be expected to play, has been receiving the attention of Government for some time. The entire policy has been extensively reviewed recently with the objective of defining the scope, extent and the conditions within which such Authorised Representatives/Agents may be allowed to represent a foreign supplier or suppliers.

It is in this context that Ministry of Defence have on 2nd November 2001 issued comprehensive instructions relating to appointment of Indian Authorised Representative/Agents by foreign suppliers for the promotion of their product.

The instructions, *inter-alia*, include the following details:—

(a) All foreign suppliers who wish to appoint Indian Authorised Representatives/Agents would register them with the Ministry of Defence.

(b) The Authorised Representatives/Agent could be an individual, a partnership, an association of persons, a limited company, Private or Public.

(c) The agent must be an income tax payee.

(d) The foreign supplier appointing an agent must furnish copies detailing Agreement/terms of appointment.

(e) The obligations of an Authorised Representative/Agent will flow from the contract entered with the Ministry of Defence.

(f) The foreign supplier will have to declare the payments made to the Authorised Representative/Agent.

(g) Particulars relating to agency commission would be reported to the Enforcement Directorate of Central Board of Direct Taxes.

(h) The agent will be appointed with the approval of the Secretary of the Department or by an officer authorised by him.

(i) The Ministry of Defence, would have the right to terminate the appointment of Authorised Representative/Agent without any notice or assigning any reason.